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TAGS: [ECON](#) [EAGR](#) [ETRD](#) [PGOV](#) [IZ](#)  
SUBJECT: MINISTER OF TRADE ON THE ECONOMIC STRATEGY, PDS,  
AND THE WTO

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons  
1.4 (b) and (d).

11. (C) Summary: In a January 12 meeting with Emboffs, the Minister of Trade Abdul Falah al Sudani (Shi'a - Da'wa Tanzim) stated his support for the new security and economic strategy in Iraq. He discussed the Ministry of Trade's plans for a new tracking system of food transport to reduce corruption in the Public Distribution System (PDS), and the need to decrease PDS rolls, targeting support to the poor. He said that Iraq "is very serious about joining the WTO." End summary.

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Support for the Joint Economic Transition Plan  
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12. (C) Minister Sudani supported the joint economic transition plan, and President Bush's January 10 speech more generally. He said that security alone would not work, and appreciated the emphasis on economic activity.

13. (C) Budget execution is the key aspect of the Iraqi contribution to the Economic Transition Plan, and Minister Sudani said that part of the difficulty in spending money is caused by restrictions from the High Economics Committee. "They want to treat us like any other ministry, but prices for food change too quickly to have a 30-day open bid requirement," he said.

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Public Distribution System, Tracking and Targeting  
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14. (C) The Ministry of Trade (MoT) badly needs a tracking system for PDS, Minister Sudani said. This system would follow the movement of food from the port of entry to the point of sale. He expects it to cost 2-3 million dollars, and will stem corruption and theft of food. "Just last week in the middle of Baghdad," Minister Sudani said, "thieves replaced our quality food with bad quality food." He said that the World Bank had offered assistance on this topic last year, and that he would now try to follow up with them. (Note: IRMO-Trade has put the World Bank and the MoT into contact with each other, and the World Bank has a written proposal for assistance with procurement. The proposal has been accepted by the MoT. End note.)

15. (C) Minister Sudani highlighted the need for having a targeted distribution system instead of universal coverage. He raised this issue both as a way to save money in response to IMF demands, and as a more efficient system. The problem, he said, is that the Iraqi government does not know people's income levels, and so cannot target the benefit to the poor. He said that the MoT budget decreased by over 10 percent from 2006 in the draft 2007 budget, and that the 1260 dinar to the dollar exchange rate does not yet reflect the real costs of running the PDS. "I've learned over the past 6 months that

we need strategic storage of essential foods like wheat, rice and sugar," he said. The Minister said that the option of a supplemental budget addresses his financial concerns with the MoT allocation.

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WTO Accession  
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¶6. (C) The Minister of Trade said that Iraq is very serious about joining the WTO. The lead MoT official working on this issue was recently kidnapped for ransom; he paid \$60,000 and is now free. The Minister of Trade said that he recently appointed a representative to the WTO in Geneva.  
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